

## Talking to Clients About Charitable Giving: Tips for Advisors That Strengthen Client Relationships

Discussing Philanthropy With Clients is Good For Business

“Nearly all HNW consumers give to charity...40% of high net worth individuals indicate that they would be more likely to choose an advisor who is knowledgeable about charitable giving.”

- [\\*US Trust "The Philanthropic Conversation" 2018](#)

The numbers are significant - 71% of high-net-worth individuals agree that discussing philanthropy with their advisor is important. It's valuable to your business as well. Talking about philanthropy with your clients provides insights that help you better serve them. It helps you deepen your relationship with your client (sometimes even leading to referrals), and shows them you're interested in more than just their money.

With 71% of HNW individuals agreeing that discussing philanthropy with their advisor is important,\* these conversations can play a critical role in strengthening long-term relationships with your clients and their families. Which clients should you talk to about charitable planning?

### Which clients should you be talking to about charitable planning?

- Couples or individuals without children
- Never-married adults or divorced or widowed clients
- Women (often live longer, and are often more charitably inclined)
- Parents who, for various reasons, want to limit the amount of their estate that their children inherit
- Clients who are currently involved with charities or community causes
- Younger entrepreneurs (75% of Millennials consider themselves philanthropic and values-driven—[Fidelity Charitable study](#))
- Clients who may sell/have recently sold a business

### What is preventing you from talking to your clients about philanthropy? Here are some common concerns we've heard:

1. *My client isn't charitable.*

Your client may not be making yearly donations, but do they have assets they need to get rid of for tax reasons? Appreciated stock, real estate, distributions from retirement accounts, and other noncash assets make great gifts and can help meet tax goals, too.

**2. My clients aren't high net worth. They can't afford to be charitable.**

Did you know...the average donor leaving a bequest to charity in their will has a median income of \$60,400? Eighty percent of Americans engage in charitable giving each year.\*

**3. My client doesn't itemize her taxes, so there's no tax advantage to charitable giving.**

Actually there are many ways to take advantage of the tax benefits of charitable giving even if your client takes the standard deduction most years. Here are some options:

- **Bunching:** Make multiple years' worth of charitable donations at the same time by creating a **donor advised fund (DAF)**. Itemize that year to receive the tax deduction. This allows your client to take the standard deduction in the following years, while continuing to make grants from their DAF without any additional tax consequences.
- **Does your client have to start taking RMDs from her IRA?:** Turning an IRA's required minimum distribution (RMD) into a Qualified Charitable Distribution (QCD) can offer a variety of tax savings for your client, even if they do not itemize their taxes. Making a gift from a client's IRA removes the amount from her adjusted gross income, and she will not be taxed on the amount. A QCD can also potentially help reduce other taxes or Medicare Part B premiums, as well as future required distributions from an IRA.\*\*

## How do I get the conversation started?

Bringing up the topic of philanthropy with your client may come naturally—perhaps you see on their tax return that they give to charities every year, or maybe the client brings it up themselves. However, sometimes you may wonder how to introduce the topic. Oftentimes starting a conversation or discussing a topic where you feel you are not an expert can be daunting. We get that! But, we also understand that offering tax-friendly charitable giving options to clients helps them create a meaningful legacy, meet their financial goals, and most importantly, often plays a critical role in strengthening your relationship with your client and their heirs.

### Tips for starting a philanthropic conversation with clients.

- ❖ Introduce the topic early (and often!). Make philanthropy part of your initial information gathering discussion. Does the client consider themselves charitable? How do they want to use their wealth?
- ❖ Talk about legacy. What kind of world do they want to live in, or leave to their heirs and/or their community?
- ❖ Look at past tax returns to understand previous charitable giving.

- ❖ Does your client have appreciated assets (think appreciated stock) that may result in a high tax bill this year if sold? Could a charitable tax deduction help mitigate tax consequences?

Research and the experience of advisors and clients throughout the country tells us that being able to talk to your clients about philanthropy is good for business! Get the conversation started, strengthen your relationship with clients, and help them create impact and contribute to strong communities through their philanthropy. Here are some additional resources to get you started:

- Read the US Trust / Bank of America / TPI report [The Philanthropic Conversation](#).
- Check out additional online resources and conversation starters from [The Philanthropic Initiative \(TPI\)](#).
- Review [another recent study from Bank of America and Indiana University](#) to learn about how and why affluent households give.

And if you are looking for support from dedicated philanthropic advisors, reach out to [GiveTeam!](#)

GiveTeam helps your clients develop personalized giving strategies and provides tailor-made reports recommending nonprofits that meet their charitable and legacy goals.

- GiveTeam collaborates with financial advisors and their firms to support clients by using a 3-step process that guides clients toward intentional giving. Working in partnership with advisors, we help clients:
  - Articulate their charitable focus
  - Determine the appropriate giving budget and vehicle
  - Find organizations to fund aligned with their priorities, values, and goals

**So let's get started!** Know that many of your clients are waiting for *you* to talk to them about charitable giving options—don't forget that there are resources, organizations, and professionals out there to help you make the most of this opportunity.

*\*US Trust "The Philanthropic Conversation" 2018*

*\*\*This publication is not intended as legal or tax advice. This information is intended solely for information and education of wealth advisors and the legal and tax advisors with whom they work. It must not be used as a basis for legal or tax advice, and is not intended to be used and cannot be used to avoid any penalties that may be imposed on a taxpayer. GiveTeam does not give legal or tax advice. Taxpayers should seek advice regarding their particular circumstances from an independent tax advisor. Tax and other planning developments after the original date of publication may affect these discussions.*